

Fair Practices Code



Mirae Asset Financial Services (India) Pvt. Ltd. (MAFS)
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Introduction

- ❖ Mirae Asset Financial Services (India) Pvt. Ltd ("**MAFS**" or "**Company**"), is a private limited company incorporated under the provisions of the Companies Act, 2013.
- ❖ The Company has been incorporated to undertake NBFC activities which primarily include providing various kinds of loans (such as personal loan, business loan, term loan, working capital loans, etc.) to individuals, corporate and business customers along with various value-added products (such as debt syndication, lease rental discounting, etc.) and as may be permitted from time to time by Reserve Bank of India.
- ❖ This Fair Practices Code ("**FPC**") has been framed by the Company, taking into account the guidelines set out under Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India ("**RBI**"), as amended from time to time. The RBI issues circular instructions on an on-going basis. Accordingly, any subsequent amendment to the FPC Guidelines shall be incorporated in this FPC.
- ❖ The Company intends to conduct the NBFC business in accordance with the prevailing statutory and regulatory requirements with due focus on efficiency, customer -orientation and corporate governance principles.
- ❖ This FPC is aimed to provide to the customers an effective overview of practices, which will be followed by the Company in respect of the financial facilities and services that will be offered by the Company to its customers.

- ❖ The given FPC will help the customers/ participants to take informed decisions in respect of the financial facilities and services to be availed by them.
- ❖ The Board of Directors of the Company and the management team are responsible for applying the FPC hereinafter detailed, and to ensure that its procedures reflect its strong commitment to all the stakeholders for offering in a fair and equitable manner, the various financial services and products.

Key Objectives

The Company has set its objective to pursue best corporate practices and foster customer confidence in the Company by bringing about utmost transparency in the business practice.

Accordingly, this FPC has been formulated with the objectives to:

- ❖ To treat all the customers consistently and fairly. The Company's fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing and servicing and collection activities.
- ❖ Promote a fair and cordial relationship between the customers and the Company; Building Customer confidence in the Company.
- ❖ Promote good, fair and trustworthy practices by setting minimum standards in dealing with customers.
- ❖ Increase transparency to enable the customers to have a better understanding of what they can reasonably expect of the services.

- ❖ Provide transparency in computation of interest and charges. Also, to clearly lay down the events of default and its consequences in the form of penal charges, liquidated damages, penalties, etc.
- ❖ Put in place a formal framework for customer communication and Grievance Redressal Mechanism for customers.

Key Commitments

The Company's key commitments to its customers / prospective customers (As applicable) are as under:

1. The Company is to act fairly and reasonably in all the dealings with customers by:

- ❖ Meeting the commitments and standards in this Fair Practices Code for the financial products and services we offer, and the procedures and practices our staff follow.
- ❖ Ensuring that the Company's products and / or services are in compliance with the relevant laws and regulations.
- ❖ Making the Company's dealings with customers / prospective customers rest on ethical principles of integrity and transparency.
- ❖ Providing professional, courteous and speedy services.
- ❖ Providing accurate and timely disclosure of terms and conditions, costs, rights and liabilities as regards financial transaction.
- ❖ Not engaging in unlawful and / or unethical business practices.

2. The Company is to help the customers / prospective customers understand how the financial products and / or services work by:

- ❖ Ensuring that our advertising & promotional literature is clear and is not misleading.
- ❖ Giving verbal information that is consistent with the document shared with customer.

- ❖ Explaining financial/legal implications of the transactions to them.

3. The Company is to deal quickly and sympathetically with the consumer complaints / queries by:

- ❖ Offering channels to route the consumer queries.
- ❖ Correcting mistakes / errors quickly.
- ❖ Attending and handling customer complaints quickly.
- ❖ Assisting customers on process to taking their complaints forward, if they are not satisfied with our assistance (including The Ombudsman Scheme for Non-Banking Financial Companies, 2018).
- ❖ Reversing any charges that the Company has applied erroneously quickly.

Non-Discrimination

The Company is strictly prohibited to engage in any form of discrimination towards the Company's existing as well as potential customers based on gender, race or religion etc. Any complaints for violation of the same are to be communicated immediately to the Grievance Redressal Officer of the Company. However, this does not preclude the Company from instituting or participating in schemes framed for different sections of the society. We shall make our best efforts to make it easy and convenient for our customers like senior citizens, physically challenged persons and illiterate persons in their dealing with us.

Applications for loans and their processing

- ❖ The Company's official language for all communications within the Company or with third parties is to be English.
- ❖ A suitable confirmation from customer is to be obtained certifying that the customer understands English.
- ❖ The Company may also use an application kit in language as understood by the borrower if the Customer does not understand English. This, however, may be provided by the Company only on a case-by-case basis, upon request/demand by the borrower/prospective borrower.
- ❖ The Application Form of the Company for each of the products offered may be different depending upon the requirement of each product and shall include all information that is required to be submitted by the Borrower. Information relating to the terms and conditions governing the Loan and all other relevant information affecting the interest of the borrowers shall be provided, which enables them to make a meaningful comparison with similar terms and conditions offered by other NBFCs / Financial Institutions and an informed decision based on such comparison can be taken by the borrower.
- ❖ The Loan Application Form shall also indicate a detailed list of documents required to be submitted by the borrower along with the application form and/ or as may be required to be executed and signed by the customer for obtaining the loan. Such information shall also be made available on the website of the Company to facilitate the prospective clients to know and understand their rights and obligations prior to entering the loan agreement with us. However, the Company may, depending on the credit underwriting requirements require other documents from the borrower, if any.

- ❖ The customers would also be provided with a list of services rendered by the Company free of charge.
- ❖ The Company shall have a mechanism in place to provide an acknowledgement for receipt of all loan applications and the documents to be submitted along with the loan application. The normal time within which loan applications that are complete in all respects will be disposed of, shall also be indicated in the acknowledgment of such applications.
- ❖ The Company shall endeavour to verify and assess the loan applications based on an assessment that is in line with the Company's credit policies and procedures.
- ❖ The Company shall ensure, arrange and provide the customers regular, appropriate updates by means of interactive meeting, through display on website or by e-mail/ through SMS/ mailing printed letters.
- ❖ The Company may conduct contact point verification through its employees or through an agency appointed by it, by contacting the customer at their residence / business telephone numbers and / or physical visit to residence / business address mentioned on the loan application, depending on the risk categorization of the client.

Loan appraisal and terms/ conditions

- ❖ The Company will ensure that there is a proper assessment of credit requirement and credit worthiness of the borrowers which shall be an important parameter for taking a decision on the application. The assessment will be in line with the Company's policies, norms and procedures in respect of the loan appraisal.

- ❖ Appropriate internal policies and principle procedures for determining interest and other charges shall be laid down and be subject to review keeping in view of the business exigencies, regulatory requirements, market practices, etc.
- ❖ The Company shall convey in writing to the borrower in English, or in a language as understood & confirmed by the borrower, by means of a sanction letter or otherwise, the following particulars:
 - i) Asset details
 - ii) Sanctioned loan amount
 - iii) Annualised rate of Interest to be charged and method of application
 - iv) Penal Charges on overdue amount
 - v) Cheque bouncing penalty
 - vi) Tenure of loan
 - vii) Instalment amount and structure, including the repayment cycle
 - viii) Commencement date and
 - ix) Prepayment charges and penalty. Prepayment charges will not be applied to floating rate term loans sanctioned for purposes other than business to individual borrowers.
- ❖ Any penal charges to be charged for late repayment of the loan shall be clearly highlighted in the loan agreement.
- ❖ The Company shall furnish a copy of the loan agreement (along with all enclosures quoted in the loan agreement) in a language as understood by the borrower at the time of sanction/ disbursement of loan to the borrower.
- ❖ The Company will obtain an acceptance from the borrower on the said sanction letter with the borrower's signature. The company will maintain a record of such acceptance.

Disbursement of loans, including changes in terms and conditions

- ❖ The Company shall exercise openness and transparency in the process of disbursement loans including the changes in the terms and conditions.
- ❖ The Company will ensure timely disbursement of loans sanctioned subject to execution of the necessary documents and completion of necessary formalities by the borrower.
- ❖ The Company shall give a notice in writing to the borrower in English, or a language as understood & confirmed by the borrower of any change in the terms and conditions (as permitted under the loan agreement) including but not limited to disbursement schedule, interest rates, service charges, prepayment charges, etc. Any changes in the interest rates and other charges are affected only prospectively (unless otherwise required by regulation/ law). The loan agreement shall contain a specific clause to this effect.
- ❖ Any change in the terms and conditions shall be communicated to the customers through any of the following channels:
 - Personal intimation
 - Notice Board at each branch
 - Internet, including email and website
 - SMS
 - Newspaper, whenever required

Recall of Loans

- ❖ The Company shall exercise openness and transparency in the process of recall of loans including the changes in the terms and conditions.
- ❖ The decision of the Company to recall/ accelerate payment or performance shall be in consonance with the terms of the loan agreement.
- ❖ The Company shall give reasonable time to the borrowers before recalling the loan or requesting for accelerating the payment or performance subject to the terms and conditions contained in the Loan Agreement and other related documents.

Closure of Loan account and release of securities and documents

The Company shall release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/ paid. However, in cases where the borrower has availed facility allowing him to borrow/ draw monies within the overall amount sanctioned as and when needed by him, the collateral may be retained by the Company for operational convenience and to protect its interest from potential default by the borrowers till the pendency of the obligation of the borrower.

General

Non-Interference

- ❖ The company or any of the employee of the Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).

Transfer of Amount

- ❖ In case of receipt of request for transfer of loan account, either from the borrower or from a bank/ financial institution which proposes to take over the account, the consent or objection of the Company, if any, shall be conveyed to the borrower within 21 (twenty-one) days from the date of receipt of any request. Such transfer shall be as per transparent contractual terms in consonance with law.

Recovery Process

- ❖ In the matter of recovery of loans, the Company shall strictly resort only to remedies which are legally and legitimately available to it and shall at no point in time resort to any form of undue harassment like bothering the borrowers at odd hours / use of muscle power for recovery of loans.
- ❖ The Company shall ensure that its staff or any person authorized to represent the Company is adequately trained to deal with customers, in an appropriate manner. All the members of the staff or any person authorized to represent the Company ("Representatives") in collection or/ and security repossession with respect to the loans extended by the Company shall strictly follow the fair practices set out below:
 - ❖ Not resort to coercive measures such as using muscle power, rude behavior or harassment for the recovery of loans.
 - ❖ The Representatives shall contact the customer ordinarily at the place of their choice and in the absence of any specified place at the place of their residence and if unavailable at their residence, at the place of business/ occupation.
 - ❖ Customer's request to avoid calls at a time or at a place shall be honored unless special and unavoidable circumstances of the business require otherwise.
 - ❖ Time and number of calls and contents of conversation shall be documented.

- ❖ All necessary assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- ❖ During visits to customer's place for dues collection, the Representatives shall maintain decency and decorum.
- ❖ Inappropriate occasions such as bereavement in the family or such other calamitous occasions, if comes to the knowledge the Company, shall be avoided for making calls/ visits to collect dues unless the same is required for meeting legal compliance.
- ❖ All necessary assistance shall be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.

Foreclosure charges/ Pre-payment penalties

- ❖ The Company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

Marketing and Product Synergy

- ❖ The Company will ensure that all advertisement and promotional materials provided by the Company is clear, fair, reasonable and not misleading. The advertisement will be addressed to the intended public through appropriate media. The terms and conditions of any products or services being offered would be made clear in the advertisement.
- ❖ Information about any other products or promotional offers in respect of products/ services of the Company shall be conveyed to customers only if he/ she has given his/ her consent to receive such information/ service either by mail or by registering for the same on the website or on customer service number or through any other media.
- ❖ If the services of any third party are used by the Company for providing any support services, the Company will ensure the client confidentiality and personal information (if made available to such third parties) is secured in accordance with the RBI Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs.
- ❖ In the event of receipt of any complaint from the customer that Company's representative/ courier or direct selling agent ("DSA") have engaged in any improper conduct or acted in violation of the FPC, appropriate steps will be initiated to investigate and to handle the complaint and indemnify the customer if found appropriate.

Privacy and Confidentiality

- ❖ Unless authorized by the customer, the Company will treat all personal information as private and confidential (even when the customers are no longer customers).

- ❖ The Company will not reveal the information in relation to the customers to any other entity including within the group other than the following exceptional cases:
 - If the information is required to be given by law or under the direction of any regulator(s).
 - If the Company has entered into an outsourcing arrangement as per the RBI Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs and is providing information to the service provider on a 'need to know' basis in accordance with the said guidelines, after taking appropriate consent, where required.
 - If there is a duty towards the public to reveal the information.
 - If the Company's interests require them to give the information (for example, for fraud prevention) but the same shall not be used as a reason for giving information about customer or customer accounts [including customer name and address] to anyone else.
 - If the customer requests the Company to reveal the information, or with the customer's permission.
 - Unless the customer specifically authorizes the Company to do so, it shall not use customers' personal information for marketing purposes.
 - The Company may give the information about the conduct of the customer's account to the Credit Information Companies after intimating about the same to the customers.

- ❖ The Company shall give information to credit reference agencies about the personal debts the customer owes to the Company if:
 - The customer has fallen behind with his / her payments, and
 - The amount owed is not in dispute.
- ❖ The Company shall explain to the customer the role of Credit Information Companies and the effect the information they provide can have on customer's ability to get credit.
- ❖ Company may give Credit Information Companies other information about the customer's account if the customer has given his/ her permission to do so. A copy of the information given to the Credit Information Companies shall be provided by the Company to the customer, if so demanded.

Repossession of hypothecation/ lien assets

- ❖ The Company shall have a built-in re-possession clause in the contract/ loan agreement with the borrower which shall be legally enforceable. To ensure transparency, the terms and conditions of the contract/ loan agreement shall also contain provisions regarding:
 - Notice period before taking possession.
 - Circumstances under which the notice period can be waived.
 - The procedure for taking possession of the security.
 - A provision regarding final opportunity to be given to the borrower for repayment of loan before the sale/ auction of the property.
 - The procedure for giving repossession to the borrower, and
 - The procedure for sale/ auction of the property.

Regulation of Interest Rates charged by the Company

- ❖ The Board of Directors shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances.
- ❖ The rate of interest, the approach for gradations of risk and rationale for charging different rates of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

- ❖ The rates of interest and the approach for gradation of risks shall be made available on the website of the Company and will be updated whenever there is a change in the rates of interest.
- ❖ The rate of interest would be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.
- ❖ In order to ensure that customers are not charged excessive interest rate and charges on loans and advances by the Company, the Board of Directors will adopt appropriate internal Policies for Determining Interest Rates, Processing fee and Penal/Other Charges.

Know your client (KYC) Guidelines

- ❖ In order to comply with the RBI guidelines issued on the know your customer (KYC) norms to be complied with NBFCs, the Company will be required to collect certain documents and information from the borrowers, including a proof of identity, before extending any financial assistance to the borrower.
- ❖ It will be responsibility of the customer to provide the necessary documents, including an up-to-date proof of identity and address, and in the event of change in the recorded address or other particulars, such change, with the necessary proof documents shall be brought to the immediate notice of the Company; and
- ❖ The loan application forms and other material provided by the Company to the customer shall contain the details of necessary information and documents required to be furnished and/ or produced for verification by the customer for meeting the requirements of the KYC norms.

Responsibility of Board of Directors

- ❖ The Board of Directors (“Board”) of the Company shall lay down appropriate grievance redressal mechanism within the organization.
- ❖ The grievance redressal mechanism will ensure that all disputes arising out of the decisions of Company’s functionaries are heard and disposed of at least at the next higher level.
- ❖ The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be appropriate.

Grievance Redressal Mechanism

- ❖ The Company shall appoint a Grievance Redressal Officer.
- ❖ The Company’s policy and procedure for redressal of customer complaints/ grievances shall be separately set out in the Company’s “Grievance Redressal Policy”.
- ❖ If the complaint / dispute is not redressed within a period of 30 (thirty) days from the date of receipt of the complaint by the Grievance Redressal Officer, the customer may file an appeal to the Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of RBI, whose contact details are set out below:

General Manager, Reserve Bank of India,
Department of Non-Banking and Supervision,
Central Office.

Ombudsman Scheme

- ❖ The Company shall adopt the “Ombudsman Scheme for Non-Banking Financial Companies, 2018” issued by the RBI, where applicable. Once adopted, the Ombudsman Scheme shall be separately set out in the Company’s “Grievance Redressal Policy”.
- ❖ The customers can also file their complaints on the Complaint Management System (“CMS”) recently launched by the RBI. CMS is an online portal which is like a single window for customer complaints relating to banks and NBFCs. The web address of the online portal is: <https://cms.rbi.org.in>.

Force Majeure

The various commitments outlined and made by the Company shall be applicable under the normal operating economic and business environment and shall not be applicable under the event of any force majeure circumstances which may include circumstances beyond the control of the Company including but not limited to riots, fires, earthquake, floods, storms, lighting, epidemics, wars, disorders, hostilities, expropriation or confiscation of properties, interference by civil or military authorities or acts of Gods and/or any other cause beyond the reasonable control of the party whose performance is affected.

Exceptions Handling

Any exception to this Fair Practices Code shall be noted in writing and be approved by Chief Executive Officer.

Miscellaneous

- ❖ This FPC will be displayed on the Company’s website for information of various stakeholders.